



## LEGISLATIVE UPDATE

July 3, 2014

On Wednesday morning, there were the first signs of a budget breakthrough during the Senate Appropriations Committee that both House and Senate budget conferees attended. The conferees and chairs publicly discussed three major stumbling blocks in this summer's budget negotiations: 1) projected reversions; 2) Education Lottery receipts; and 3) the Medicaid shortfall and reserve. Please see [SB 744](#), Appropriations Act of 2014. Legislators conveyed their commitment to "break the logjam," get their subcommittees working, and pass a budget. Now, on the threshold of the 4<sup>th</sup> of July weekend, the momentum seems to be going in the right direction.

For more detailed information on the House and Senate budget offers deliberated on Wednesday and thereafter, please see this spreadsheet:

[http://www.ncleg.net/DocumentSites/Committees/SenateAppropriationsBaseBudget/2014%20Short%20Session/July%202014%20Conferee%20Meeting/SB744\\_Senate\\_offer\\_4-2014-07-02.pdf](http://www.ncleg.net/DocumentSites/Committees/SenateAppropriationsBaseBudget/2014%20Short%20Session/July%202014%20Conferee%20Meeting/SB744_Senate_offer_4-2014-07-02.pdf)

Next week, both the House and Senate will operate on skeletal sessions (e.g., no bills will be considered) so that budget conferees and subcommittees can make steady progress on finalizing a budget. With regard to K-12 public education spending, the two chambers' approaches are still very different.

For example, on Monday, the Senate declined to take up the House's [SB 3](#), Budget Modifications/Pay Raises/Other Changes, the education "mini-budget" package that passed the House unanimously last week. Here is the excerpt from the General Assembly's website (see link in this paragraph) on what happened procedurally on this bill this week:

06/30/2014	Senate	Special Message Received For Concurrence in House Committee Substitute
06/30/2014	Senate	Ordered Return to House
06/30/2014	Senate	Message Sent To House
07/01/2014	House	Return To Senate Message Sent To Senate
07/01/2014	House	Senate refused

### Current Operational Budget until a New 2014 Budget Becomes Law

Because no budget passed by July 1, 2014, DPI and public schools will operate based on the appropriated FY 2014-15 budget (S.L. 2013-360) while incorporating the reductions outlined in the 2014 House-approved budget. This will be the operating budget until a new budget is ratified, anticipated sometime this summer.

Specifically, the 2014 House budget reductions that have gone into effect from the previously approved biennium budget are as follows:

- Classroom teachers in grades 2 and 3 will be allotted in FY 2014-15 at the same ratio as in FY 2013-14 (1:18). The approved biennium budget had funded classroom teachers in grades 2 and 3 at 1:17.
- Reduced funding that was set aside to increase instructional days (this funding had not been included in any allotment).
- Funding for school bus replacements will be reduced.
- Funding for the 25% teacher supplemental compensation program is eliminated.
- A \$300,000 reduction is included for the At Risk allotment.
- DPI will operate based on a 1% agency reduction totaling \$502,605.
- There will not be any pay raise or adjustments to benefits at this time.

Again, this authorization is only in effect until a revised budget bill is finalized by the General Assembly and signed by the Governor.

### **Other Action on Education Bills this Week**

#### **SB 815** Ensuring Privacy of Student Records

This is now law (Session Law 2014-50) with Governor McCrory having signed it on Tuesday. SB 815 requires the State Board of Education (SBE) to oversee safeguards to ensure the privacy and security of personally identifiable data in the student data system. Such safeguards already exist, of course, but this is the first time that the current structure for such safeguards has been expressly codified in our state statutes. Among other things, this new state law restricts the collection of biometric information, political affiliation, religion and voting history into the student data system.

#### **SB 812** Replace Common Core with North Carolina's Higher Academic Standards

News reports indicate that the House and Senate conferees reached an agreement on this bill. Sources further indicate that a version closer to the Senate's bill will likely constitute the formal conference report, which will be published in the near future. For relevant news coverage, please see: <http://www.wral.com/compromise-reached-on-common-core-repeal-bill/13783580/>

#### **SB 793** Charter School Modifications

On Tuesday, the Senate voted not to concur with the House's version of the bill, which included a much-debated amendment from last week that exempted charter school employees' names from being published along with their salaries, information that would otherwise be required under the state's Public Records Law. Both the Senate and House appointed conferees on Tuesday, a list of which can be found here: [Conference Committee appointed.](#)

#### **HB 189** Amend Info/Child Support Orders (Glazier, Stevens, L. Hall)

- House failed to concur with Senate Committee Substitute
- [Conference committee appointed](#)

### **Other Committee Meetings: June 30 – July 3**

#### **House Committee on Appropriations/Wednesday, July 2**

##### **HB 1181** North Carolina Medicaid Modernization

The Committee approved this Medicaid reform bill which then unanimously passed the House on Wednesday. It has been referred to the Senate Rules and Operations Committee.

#### **Meetings: July 7– July 10** (none announced)

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